

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 017219
ORIGIN ARA-14

INFO OCT-01 ISO-00 /015 R

66011

DRAFTED BY: ARA/ECP:AWCOOLEY

APPROVED BY: ARA/ECP:AWCOOLEY

-----099846 211643Z /20

R 210953Z JAN 78

FM SECSTATE WASHDC

TO AMCONSUL BELIZE

LIMITED OFFICIAL USE STATE 017219

FOLLOWING REPEAT GEORGETOWN 0177 SENT ACTION SECSTATE INFO
BRIDGETOWN PORT OF SPAIN KINGSTON JAN 13.
QUOTE LIMITED OFFICIAL USE GEORGETOWN 0177

E.O. 11652: N/A

TAGS: ECIN, ETRD, CARICOM, GY

SUBJECT: CARICOM DEVELOPMENTS - REVITALIZATION?

REF: (A) GEORGETOWN 0047, (B) 77 GEORGETOWN 2723

SUMMARY: GUYANA'S POLITICAL LEADERSHIP APPEARS TO HAVE
OPENED THE NEW YEAR WITH A RESOLUTION TO EXERT POSITIVE
LEADERSHIP TOWARD REGIONAL COOPERATION. PRIME MINISTER BURNHAM'S
STATESMANLIKE GESTURE OF CONCILIATION, OBVIOUSLY DIRECTED
TOWARD TRINIDAD, IN HIS JANUARY 1 STATEMENT ON CARICOM, AND HIS
ENDORSEMENT OF AN EARLY SUMMIT MEETING HAVE PRECIPITATED A SPATE
OF PRESS REPORTS ON THE NEED TO TAKE DECISIVE MEASURES TO
REVITALIZE CARICOM. CARICOM'S ACTING GENERAL SECRETARY,
JOSEPH TYNDALL, IN AN YEAR-END PRESS CONFERENCE, POINTED
TO PROGRESS MADE IN "FUNCTIONAL" AREAS OF COOPERATION,
BUT SINGLED OUT ECONOMIC AND TRADE RESTRAINTS AS THE
MAIN STUMBLING BLOCKS TO INTEGRATION DURING 1977.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 017219

REPORTEDLY ONLY TWO OF TWELVE MEMBERS HAVE RATIFIED
THE NEW RULES OF ORIGIN SYSTEM WHICH WAS SCHEDULED FOR
IMPLEMENTATION JANUARY 1, 1978. THIS ISSUE WILL BE AMONG
THOSE RECEIVING ATTENTION WHEN THE COUNCIL OF MINISTERS IS
CONVOKED IN GEORGETOWN IN FEBRUARY. INTENSE BEHIND THE
SCENES ACTIVITY IS REPORTEDLY UNDERWAY TO HOLD THE
PROPOSED SUMMIT MEETING WITHIN THE NEXT THREE MONTHS.

END SUMMARY.

1. THE MODERATE TONE OF PRIME MINISTER BURNHAM'S JANUARY 1 STATEMENT ON CARICOM AND REGIONAL COOPERATION (REF A) STANDS IN MARKED CONTRAST TO ACERBIC STATEMENTS EMANATING FROM GUYANESE AND OTHER CARIBBEAN LEADERS ON THE SUBJECT DURING THE PAST YEAR. BURNHAM'S CONCILIATORY WORDS APPEARED TO BE DIRECTED AT ERIC WILLIAMS ESPECIALLY AND WERE ALL THE MORE SURPRISING IN THE LIGHT OF REPORTED ACTION BY THE GOTT IN CANCELLING AN ORDER FOR 90,000 LBS OF GUYANESE PORK SHORTLY BEFORE CHRISTMAS.

2. BURNHAM'S STATEMENT HAS TRIGGERED A SPATE OF PRESS REPORTS ON AARICOM'S WOES AND THE NEED TO TAKE MEASURES TO REVITALIZE THE ORGANIZATION. WRITING IN THE GOVERNMENT CONTROLLED "GUYANA CHRONICLE," COLUMNIST MOHAMED HAMALUDIN ARGUED THAT THE COUNCIL OF MINISTERS HAS SHOWN INCREASING DIFFICULTY IN PROVIDING SOLUTIONS TO RESTORE CONFIDENCE IN THE INTEGRATION MOVEMENT, CITING THE FAILURE OF MEMBER STATES TO RATIFY THE NEW ORIGIN RULES DUE TO TAKE EFFECT JANUARY 1, 1978, SEE REFTTEL B. HE POINTED OUT THAT, ALTHOUGH FUNCTIONAL COOPERATION CONTINUES TO MOVE FORWARD, THE PROBLEMS NOW CONFRONTING CARICOM ARE TRADE AND ECONOMIC ISSUES BOUND UP IN THE RELATIVE DEVELOPMENT OF MEMBER STATES AND THE HISTORIC IMBALANCES BETWEEN SMALLER AND LARGER STATES, THE SO-CALLED LDC'S AND MDC'S. THE WORLD-WIDE ECONOMIC LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 017219

CRISIS HAS SERVED TO INTENSIFY FRAGMENTATION AS MEMBER STATES TOOK MEASURES TO PROTECT THEIR BALANCE OF PAYMENTS POSITIONS IN THE FACE OF PRICE INCREASES IN PETROLEUM AND MANUFACTURED GOODS LARGELY IMPORTED FROM OUTSIDE THE REGION. (AGAIN, TRINIDAD STANDS AS AN EXCEPTION ALTHOUGH IT HAS IMPLEMENTED RETALIATORY MEASURES) PIDEOLOGICAL SCHISMS ARE YET ANOTHER FACTOR WHICH HAS UNDERMINED COOPERATION. HENCE, ACCORDING TO HAMALUDIN, NOTHING LESS THAN A HEADS OF STATES CONFERENCE IS NEEDED TO OVERCOME THE IMPASSE ON ECONOMIC ISSUES AND TO PUT THE ORGANIZATION ON A BUSINESS-LIKE FOOTING TO FOSTER TRADE AND ECONOMIC INTEGRATION.

3. THE OPPOSITION CONTROLLED "MIRROR", WHILE NOT ENDORSING A SUMMIT, HAS POINTED TO WIDE SPREAD "CHEATING" BY FIRMS IN OTHER MEMBER STATES TO GAIN DUTY FREE ENTRY AS CARICOM PRODUCTS. IT CHARGED THAT CARICOM IS BEING USED BY "MULTINATIONALS" TO PENETRATE REGIONAL MARKETS THROUGH THE SIMPLE EXPEDIENT OF RE-PACKAGING AND RE-LABELING. THIS, OF COURSE, IS A SITUATION WHICH THE NEW ORIGIN RULES ARE DESIGNED TO CORRECT, AT LEAST PARTIALLY, BY IMPOSING A BTN "JUMP" REQUIREMENT AND/OR PROCESSING CRITERIA BEFORE IMPORTED RAW MATERIALS SUBSEQUENTLY TRANSFORMED IN MEMBER STATES CAN QUALITY

FOR CARICOM DUTY-FREE TREATMENT. UNDER THE EXISTING RULES, PROFITS MAY BE INFLATED AND THEN COUNTED TO SATISFYING VALUE ADDED REQUIREMENTS. THE BASIC MATERIALS LIST ALSO PROVIDES NUMEROUS LOOP HOLES FOR OBTAINING DUTY FREE ENTRY.

4. CONVERSATIONS WITH FOREIGN MINISTRY OFFICIALS WOULD INDICATE THEY BELIEVE THAT THE PROPOSED CARICOM SUMMIT IS AN IDEA WHOSE TIME HAS COME. THEY POINT OUT THAT A SUMMIT HAS NOT TAKEN PLACE SINCE DECEMBER 1975 AND THAT AS A RESULT THE MOVEMENT HAS LOST MOMENTUM. THE COUNCIL OF MINISTERS, WHILE ABLE TO ATTEND TO TECHNICAL DETAILS AND IMPLEMENTATION, IS UNABLE TO MAKE THE NECESSARY POLITICAL DECISIONS TO COME TO GRIPS WITH TWO FUNDAMENTAL ISSUES: 1) THE BALANCE OF PAYMENTS FACILITY OR SAFETY NET, AND 2) REGIONAL LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 017219

PROGRAMMING FOR SECTORAL DEVELOPMENT. WHILE NOT OF EXCLUSIVE IMPORTANCE, THESE ISSUES WILL LOOM LARGE IN ANY AGENDA. CERTAINLY, IT WILL BE NECESSARY TO HAMMER OUT GUIDELINES UNDER WHICH MEMBER STATES MAY INVOKE QUANTITATIVE RESTRICTIONS IF SOME MEASURE OF MARKET STABILITY FOR INFANT INDUSTRIES IS TO BE ACHIEVED.

5. THE LATEST PUBLIC STATEMENTS OF THE SECRETARIAT SEEM CONSISTENT WITH THE VIEW THAT THE ORGANIZATION MUST ACHIEVE PROGRESS ON THE TRADE AND ECONOMIC FRONT. SPEAKING AT A PRESS CONFERENCE DECEMBER 30, ACTING SECRETARY GENERAL JOSEPH TYNDALL WAS ABLE TO CITE PROGRESS IN THE AREA OF "FUNCTIONAL" COOPERATION: LEGAL HARMONIZATION, INSURANCE, HEALTH, PLANNING A REGIONAL VOLUNTEER CORPS SCHEME, PROSPECTIVE IMPLEMENTATION OF A REGIONAL FOOD PLAN, TO NAME A FEW. AT THE SAME TIME HE ACKNOWLEDGED DIFFICULTIES IN THE FIELD OF TRADE, STEMMING FROM THE PROTECTIONIST TRENDS EVIDENT IN SOME MEMBER STATES. HE TOOK COMFORT IN THE FACT THAT INTRAREGIONAL TRADE HAD PROGRESSED TO SUCH A POINT THAT ACTION BY ONE COUNTRY WAS SURE TO HAVE SERIOUS REPERCUSSIONS ON OTHERS. HIS PRESCRIPTION FOR SOLVING CARICOM TRADE PROBLEMS: "IT MUST BE THE POLICY OF THE REGION TO MAXIMIZE INTRA-REGIONAL TRADE TO THE EXTENT THAT THE BALANCE OF PAYMENTS WILL ALLOW" AND TO "MINIMIZE ANY ADVERSE EFFECT ON OUR PARTNER COUNTRIES."

6. MEANWHILE, THE CARICOM SECRETARIAT HAS ANNOUNCED THAT THE FIRST COUNCIL OF MINISTERS MEETING IN 1978 IS EXPECTED TO TAKE PLACE "SOMETIME" IN FEBRUARY, ALTHOUGH A FIRM DATE STILL MUST BE CONFIRMED BY THE TWELVE MEMBER STATES. NO AGENDA HAS BEEN RELEASED TO THE PRESS. HOWEVER, IT IS EXPECTED THAT IMPLEMENTATION OF THE NEW CARICOM ORIGIN RULES, APPROVED IN THE LAS COUNCIL MEETING IN SEPTEMBER 1977, AND DUE TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 017219

COME INTO EFFECT JANUARY 1, 1978, WILL RECEIVE SPECIAL ATTENTION. REPORTEDLY, ONLY TWO OF THE TWELVE MEMBER STATES, BARBADOS AND JAMAICA, HAVE RATIFIED THE NEW SYSTEM SO FAR. ACCORDING TO LOCAL BUSINESS SOURCES, ONE OBSTACLE FOR RATIFICATION IS THE CONTINUING CONCERN OF THE LDC MEMBERS TO PROTECT THEIR SMALL REPROCESSING INDUSTRIES, ALTHOUGH THE NEW RULES HAVE CARVED OUT SPECIAL EXCEPTIONS FOR THIS GROUP OF INDUSTRIES IN THE SMALLER ISLANDS.

7. PRESS ATTENTION CONTINUES TO FOCUS ON A SUMMIT MEETING. REPORTEDLY, SEVERAL MEMBER STATES HAVE MADE CALLS FOR A SUMMIT IN THE WAKE OF BURNHAM'S CARICOM POLICY STATEMENT. GOG OFFICIALS STATE THAT CONSULTATIONS ARE TAKING PLACE TO HAVE SUCH MEETING IN THE NEAR FUTURE, POSSIBLE BEFORE APRIL 1978.

8. COMMENT: BURNHAM'S STATEMENT IS REGARDED BY GOG OFFICIALS WITH WHOM WE HAVE TALKED AS THE MOST COMPREHENSIVE AND SUPPORTIVE STATEMENT ON CARICOM THAT HAS BEEN MADE BY A REGIONAL LEADER IN SOME TIME. THEY ARE HOPEFUL THAT OTHER LEADERS, PARTICULARLY PRIME MINISTER ERIC WILLIAMS, WILL BE RESPONSIVE AND JOIN BURNHAM IN PUTTING OLD ANIMOSITIES AND PROBLEMS ASIDE IN ORDER TO ADVANCE REGIONAL COOPERATION. BURKE UNQUOTE CHRISTOPHER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REGIONAL ORGANIZATIONS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE017219
Document Source: CORE
Document Unique ID: 00
Drafter: ARA/ECP:AWCOOLEY
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780033-0063
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780136/aaaabepr.tel
Line Count: 200
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a60a25e1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GEORGETOWN 47, 77 GEORGETOWN 2723
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3734367
Secure: OPEN
Status: NATIVE
Subject: CARICOM DEVELOPMENTS - REVITALIZATION?
TAGS: ECIN, ETRD, GY, CARICOM
To: BELIZE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a60a25e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014